



June 17, 2010
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Arnold Schwarzenegger
Governor

Mr. Ernest B. Dowdy, Executive Director
City of San Bernardino Employment and Training Agency
600 N. Arrowhead Avenue
San Bernardino, CA 92401-1201

Dear Mr. Dowdy:

AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)
SUMMER YOUTH PROGRAM
FINAL MONITORING REPORT
PROGRAM YEAR 2009

This is to inform you of the results of our review for Program Year (PY) 2009 monitoring review of the City of San Bernardino Employment and Training Agency's (SBETA) ARRA Summer Youth Program (SYP). This review was conducted by Mr. Ron Perez from August 24, 2009 through August 28, 2009. Our review consisted of interviews with your staff and a review of the following items: expenditures charged to the ARRA SYP, oversight of your subrecipients, and procurement transactions. In addition, we interviewed service provider staff, SYP participants, and worksite supervisors, and focused on the following areas of your ARRA SYP: eligibility determination, program operations, participant worksites, participant payroll processing, and oversight.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by SBETA with applicable federal and state laws, regulations, policies, and directives related to the ARRA grant.

We collected the information for this report through interviews with representatives of SBETA, service provider staff, ARRA SYP worksite supervisors, and ARRA SYP participants. In addition, this report includes the results of our review of sampled case files, SBETA's response to Sections I and II of the ARRA SYP Onsite Monitoring Guide, and a review of applicable policies and procedures for PY 2009.

We received your response to our draft report on November 25, 2009, and reviewed your comments and documentation before finalizing this report. Because your

response did not adequately address the finding cited in the draft report, we consider this finding unresolved. We requested that SBETA provide the Compliance Review Office (CRO) with additional information to resolve the issue that led to the finding. Therefore, this finding remains open and has been assigned Corrective Action Tracking System (CATS) number 10047.

BACKGROUND

The SBETA allocated \$960,439 of its \$1,471,441 ARRA youth allocation to serve 341 SYP participants. As of September 9, 2009, SBETA expended \$616,621 to serve 387 SYP participants.

ARRA SYP REVIEW RESULTS

While we concluded that, overall, SBETA is meeting applicable ARRA requirements, we noted an instance of noncompliance in the area of program structure. The finding that we identified in this area, our recommendation and the SBETA's proposed resolution of the finding is specified below.

FINDING 1

Requirement: Department of Labor Training and Employment Guidance Letter No. 14-08 states, in part, that summer employment may include any set of allowable Workforce Investment Act (WIA) Youth services that occur during the summer months, May 1st through September 30th, as long as it includes a work experience component.

20 CFR 664.460 states, in part, that work experiences are planned, structured learning experiences that take place in a workplace for a limited period of time. Work experiences are designed to enable youth to gain exposure to the working world and its requirements and help youth acquire the personal attributes, knowledge, and skills needed to obtain a job and advance in employment.

Workforce Services Directive (WSD) 08-8 states, in part, that youth enrolled in the ARRA summer program should be reported as participants under Grant Code 107.

Observation: We found that two programs, the Growth-Excellence-Maturity (GEM) Program and the Youth Readiness Workforce Program, procured for the ARRA SYP do not have a work experience component as part of their programs. However,

the participants in these programs were enrolled in the summer program under grant code 107.

Recommendation: We recommended that SBETA demonstrate these programs have a work experience component or back out the GEM and Youth Readiness Workforce Program participants and enroll them into a program that does not require a work experience component (i.e., WIA or ARRA Year Round programs). All program charges should be similarly reversed and applied to the participant's newly enrolled program. Participants must also meet any applicable federal and state laws, regulations, policies, and directives related to the new program, including eligibility and assessment requirements.

SBETA Response: SBETA stated that the Role Adoption element of the GEM program is the work experience component of this program. SBETA describes the Role Adoption as follows, "In addition to running the Camp's government, the youth operate the various functional departments such as the Camp store, Camp bank, Camp newspaper, Camp drama department, etc. Each department actually functions like an employer; youth must interview for the positions and produce a product or service." Additionally, no cash exchanges hands; youth must write checks payable through the Camp bank. Job descriptions for the various Role Adoptions include mayor, city manager, and judge.

SBETA stated that Youth Readiness Workforce Program's work experience component consisted of duties performed by the Mentor Managers. The Mentor Manager acts as a non-authoritarian facilitator in a group setting and works with fellow work experience participants in the Youth Readiness Workforce Program. The Work Statement describes the Youth Readiness Workforce Program and the role of the Mentor Manager as follows:

- Development of a success plan – assessment of youth to develop a plan.
- Placement in jobs and assignment to a single Village - the Village is the context for both cognitive apprenticeship training and after work 'hangs out'. Youth (employment trainees) are assigned to small groups (peer Villages) and work. A Mentor Manager will co-conduct the training process for her/his village.

- Village Meeting or Field Trips – employment trainees attend the meetings twice weekly for 3 hours. The employment trainees meet weekly in Villages and engage in exercises, games and discussions in an effort designed to promote job and life readiness. The Mentor Manager co-conducts these activities.

Additionally, according to the job description, the Mentor Manager position requires at least 2 years experience in a related field. The SBETA stated that both the Employment Trainees (described above) and the Mentor Managers are work experience participants.

Finally, SBETA modified both the GEM and Youth Readiness Workforce Program's contracts to clarify and clearly identify the Role Adoption and Mentor Manager as the work experience component of these programs.

State Conclusion: Based on SBETA's response, we cannot resolve this issue at this time.

The description of the GEM's Role Adoption indicates that it is an artificially created environment where participants can role-play various positions. However, this environment does not occur in a bona-fide workplace. The GEM's statement of work seems to support this conclusion. The Statement of Work says, in part, that an important benefit [of the program] lies in the development of the micro-society, a laboratory situation which lifts the teenager out of his/her typical unskilled job market into situations which simulate higher skilled positions. Also, Role Adoption is described as occurring in "various functional departments, each like an employer."

The Mentor Manager is described as group facilitator who works with other work experience participants to teach job readiness skills. However, the position is described as requiring two years experience in a related field; it is not clear how a youth participant in need of work experience would qualify for a position requiring two years experience.

Finally, SBETA did not provide documentation demonstrating that all SYP participants enrolled in the GEM program participated in the Role Adoption or that all SYP participants

enrolled in the Youth Work Readiness Program were Mentor Managers.

We recommend that SBETA provide documentation that clearly demonstrates that the Role Adoption took place in a bona-fide workplace and that all SYP participants enrolled in GEM's program were placed in a Role Adoption position. If SBETA cannot provide documentation that supports both of these propositions, we recommend that SBETA back out the GEM SYP participants and enroll them into a program that does not require a work experience component (i.e., WIA or ARRA Year Round programs) and provide CRO documentation of the actions taken.

We also recommend that SBETA provide documentation that clarifies how the Mentor Manager position, requiring two year experience in a related field, was fulfilled by youth participants requiring work experience. Finally, we recommend that SBETA demonstrate that all SYP participants enrolled in the Youth Work Readiness Program were Mentor Managers. If SBETA does not provide sufficient clarification regarding the prior experience requirement of the Mentor Manager position and demonstrate that the SYP participants were Mentor Managers, we recommend that SBETA back out the SYP participants and enroll them into a program that does not require a work experience component (i.e., WIA or ARRA Year Round programs) and provide CRO documentation of the actions taken.

Until then, this issue remains open and has been assigned CATS number 10047.

We are providing you up to 10 working days after receipt of this report to submit to the Compliance Review Office your response to this report. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than July 16, 2010. If we do not receive a response by this date, we will release this report as the final report. Please submit your response to the following address:

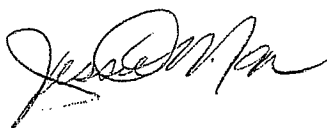
Compliance Monitoring Section
Compliance Review Office
722 Capitol Mall, MIC 22M
P.O. Box 826880
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all the areas included in our review. It is SBETA's responsibility to ensure that its systems, programs, and related activities comply with the ARRA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain SBETA's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Mechelle Hayes at (916) 654-1292.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessie Mar", with a stylized flourish at the end.

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Stephen Amezcua, MIC 50
Jose Luis Marquez, MIC 50
Daniel Patterson, MIC 45
Georganne Pintar, MIC 50